



iCandy Interactive Limited
(ACN 604 871712)
Level 4, 91 William Street
Melbourne, VIC 3000
Australia

28 February 2020

ASX Announcement

Appendix 4E Commentary: iCandy Narrows Down Loss for Financial Year Ended 31 Dec 2019

Highlights:

- **Revenue is lower but net loss for the year is lower at \$(2,391,100) compared to prior year of \$(3,445,40)**
- **Loss is 31% lower compared to prior year**
- **Lower revenue is partly due to delay in the launching of 4 new in-house developed new games that will now be launched in financial year 2020**

iCandy Interactive Limited (ASX:ICI) ("**iCandy**", the "**Company**") is pleased to announce its Appendix 4E Preliminary Results for the financial year ended 31 December 2019.

For the financial year ended 31 December 2019 the Group reported a lower loss of \$(2,391,100), approximately 31% lower compared to prior year net loss of \$(3,445,40).

However, the Group reported a lower revenue, mainly due to the expected fall in revenue of existing mobile games while there is a delay in the launching of the new games that the Group is developing in-house.

For the year the management of iCandy had largely been working on improving the quality of the Group's revenue and building strategic capabilities in the form of new products and new business to ensure we have a good launch pad for the next phase of growth.

The Group has been developing 4 new games in-house for the financial year and these four new games are now expected to launch in the financial year ending 31 December 2020.

The first amongst these 4 new games, Rocky Rampage, has garnered a significant 450,000 users at its pre-registration phase. Rocky Rampage is expected to go live in early April 2020.

The other significant milestone during the year is that of the Group entering into the growing mobile eSports sector via its investment in Esports Players League (ESPL), a



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global tournament network and platform.

Management Commentary

iCandy Chairman Kin W. Lau commented:

“We have been working on building up fundamental capabilities in the financial year ended 31 December 2019. While we have brought down the net loss for the Group, the revenue of the Group has come down a bit.

That said, looking ahead, 2020 is shaping up to be a very exciting year for iCandy as we will be launching the much anticipated 4 new in-house developed games all within the same calendar year.”

This announcement has been authorized by the Board of Directors of iCandy.

— ENDS —

About iCandy Interactive

iCandy Interactive Limited (ASX: ICI) is an Australian publicly traded company that has its core business in the development and publishing of mobile games and digital entertainment for a global audience. iCandy Interactive runs a portfolio of mobile games that have been played by over 350 million mobile gamers worldwide and has won multiple awards in various coveted international events. For more information visit www.icandy.io

For more information, please contact:

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**APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Lodged with the ASX under Listing Rule 4.3A

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Company Details

Name of reporting entity: iCandy Interactive Limited
ABN: 87 604 871 712
Reporting period: 1 January 2019 - 31 December 2019
Prior corresponding reporting period: 1 January 2018 - 31 December 2018



Results for announcement to the market

Revenue from ordinary activities	Down	26%	from	\$ 2,815,704	to	\$ 2,086,408
Loss from ordinary activities	Down	31%	from	\$ (3,445,405)	to	\$ (2,391,100)
Net loss for the period attributable to members	Down	33%	from	\$ (3,445,405)	to	\$ (2,291,329)

No dividend was paid during the financial year. No dividend has been proposed or declared since the end of the financial year end.

Revenue from ordinary activities \$2,086,408 compared to last year's revenue of \$2,815,704.

Net loss attributable to members \$2,291,329 compared to last year's loss of \$3,445,405.

Loss per share of (0.70 cent) compared with last year's loss of (1.18 cents).

Diluted loss per share of (0.70 cents) compared with last year's loss of (1.18 cents).

Review of Operations

For the financial year ended 31 December 2019, the Group reported a lower loss after tax, mainly because of lower impairment expense and unrealised movement in fair value of intangibles in the current financial year.

However, the Group reported a lower revenue, mainly due to the expected fall in revenue of existing mobile games while there is a delay in the launching of the new games that the Group is developing in-house.

The Group has been developing 4 new games in-house. These four new games are now expected to launch in the financial year ending 31 December 2020 and expected to bring significant positive impact to the financials of Group. The first amongst these 4 new games, Rocky Rampage, has garnered a significant 450,000 users at its pre-registration phase. Rocky Rampage is expected to go live in early April 2020.

The Group expects to drive revenue in FY 2020 through the following initiatives:

- (i) Release of 4 new self developed game titles;
- (ii) Identify more publishing opportunities; and
- (iii) Penetrating the Chinese mobile game market via partnership with 9Games (Alibaba).
- (iv) Penetrate the Chinese mobile game market via partnership with Chinese Internet conglomerate Alibaba Group (9Games).

Beyond FY2020, the Group believes that its investment in esports will pay off. The group achieved a significant milestone during the financial year ended 31 December 2019 entering into the field of esports, having made a major investment to obtain 42.5% stake in global esports tournament and media network startup, Esports Players League ("ESPL"). ESPL is currently planning to launch a global footprint across 16 countries in initial phase, covering Asia, Europe and America, with central focus on mobile esports.

Net tangible assets

Net tangible asset backing per ordinary share at 31 December 2019, (0.213 cents), and at previous corresponding period, (0.001 cents).

Control over other entities

Name of entity: PT Joyseed Berbagi Sukses
Date of control gained: 4 January 2019
Contribution to reporting entity's profit: Loss of \$117,241



**PRELIMINARY STATEMENT OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	Note	Group	
		2019 (unaudited)	2018
		\$	\$
Continuing operations			
Revenue	2	2,086,408	2,815,704
Other income	2	247,680	160,425
Cost of sales		<u>(1,805,479)</u>	<u>(1,507,858)</u>
Gross Profit		528,609	1,468,271
Marketing expenses		(17,458)	(33,968)
Audit fees		(56,680)	(60,594)
Provision for doubtful debts		(6,183)	(2,759)
Legal and professional fees		(247,390)	(224,342)
Share based payments		(111,625)	(457,457)
Occupancy expenses		(16,769)	(82,139)
Employee benefits expense		(882,080)	(619,208)
Depreciation and amortisation expense		(1,090,949)	(1,100,703)
Impairment expense		(160,463)	(1,143,465)
Interest expense		(6,001)	-
Compute expenses		(1,113)	(618)
Other expenses		(169,157)	(188,097)
Travel expenses		(48,250)	(30,898)
Unrealised movement in fair value of intangibles		<u>(94,621)</u>	<u>(1,004,304)</u>
Loss before income tax		<u>(2,380,130)</u>	<u>(3,480,281)</u>
Tax expense/(benefit)		<u>(10,970)</u>	<u>34,876</u>
Loss for the year attributable to members of the company		<u><u>(2,391,100)</u></u>	<u><u>(3,445,405)</u></u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		271,568	15,537
		<u>271,568</u>	<u>15,537</u>
Total other comprehensive income/(loss) for the year		<u>271,568</u>	<u>15,537</u>
Total comprehensive income for the year		<u><u>(2,119,532)</u></u>	<u><u>(3,429,868)</u></u>
Net profit attributable to:			
Owners of the parent entity		(2,291,329)	(3,445,405)
Non-controlling interest		(99,771)	-
		<u><u>(2,391,100)</u></u>	<u><u>(3,445,405)</u></u>
Total comprehensive income attributable to:			
Members of the parent entity		(2,021,262)	(3,429,868)
Non-controlling interest		(98,270)	-
		<u><u>(2,119,532)</u></u>	<u><u>(3,429,868)</u></u>
Earnings per share			
Basic loss per share (cents)		(0.70)	(1.18)
Diluted loss per share (cents)		(0.70)	(1.18)

The above statement should be read in conjunction with the accompanying notes.



PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group	
		2019 (unaudited)	2018
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		414,229	359,888
Trade and other receivables	3	352,513	159,777
Other financial assets	4	1,521,291	1,421,012
Other assets		70,817	8,070
Current tax assets		-	-
TOTAL CURRENT ASSETS		<u>2,358,850</u>	<u>1,948,747</u>
NON-CURRENT ASSETS			
Property, plant and equipment		124,273	115,217
Intangible assets	5	1,747,035	2,632,292
Other non-current assets		-	-
Right-of-use assets		49,933	-
TOTAL NON-CURRENT ASSETS		<u>1,921,241</u>	<u>2,747,509</u>
TOTAL ASSETS		<u>4,280,091</u>	<u>4,696,256</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	1,009,472	929,822
Other financial liabilities	7	742,905	790,118
Current tax liabilities		1,538	1,528
TOTAL CURRENT LIABILITIES		<u>1,753,915</u>	<u>1,721,468</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		7,937	8,816
Lease liability		53,219	-
TOTAL NON-CURRENT LIABILITIES		<u>61,156</u>	<u>8,816</u>
TOTAL LIABILITIES		<u>1,815,071</u>	<u>1,730,284</u>
NET ASSETS		<u>2,465,020</u>	<u>2,965,972</u>
EQUITY			
Issued capital	8	30,306,207	29,201,668
Reserves		(19,074,811)	(19,890,013)
Retained earnings	9	(8,641,038)	(6,345,683)
Equity		2,590,358	2,965,972
Non-controlling interest		(125,338)	-
TOTAL EQUITY		<u>2,465,020</u>	<u>2,965,972</u>

The above statement should be read in conjunction with the accompanying notes.



PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Issued Capital	Accumulated Losses	Reserve		Subtotal	Non-controlling interests	Total	
			Foreign Currency Translation Reserve	Option Reserve				Other Components of Equity
	\$	\$	\$	\$	\$	\$	\$	
Consolidated Group								
Balance at 1 January 2018	27,056,445	(3,786,258)	(73,008)	885,980	(20,289,999)	3,793,160	-	3,793,160
Comprehensive income								
Loss for the year	-	(3,445,405)	-	-	-	(3,445,405)	-	(3,445,405)
Other comprehensive income for the year	-	-	15,537	-	-	15,537	-	15,537
Total comprehensive income for the year	-	(3,445,405)	15,537	-	-	(3,429,868)	-	(3,429,868)
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year	2,145,223	-	-	-	-	2,145,223	-	2,145,223
Transaction costs	-	-	-	-	-	-	-	-
Options issued during the year	-	-	-	457,457	-	457,457	-	457,457
Options expired during the year	-	885,980	-	(885,980)	-	-	-	-
Total transactions with owners and other transfers	2,145,223	885,980	-	(428,523)	-	2,602,680	-	2,602,680
Balance at 31 December 2018	29,201,668	(6,345,683)	(57,471)	457,457	(20,289,999)	2,965,972	-	2,965,972
Balance at 1 January 2019	29,201,668	(6,345,683)	(57,471)	457,457	(20,289,999)	2,965,972	-	2,965,972
Effects of adoption of AASB 16	-	(4,026)	-	-	-	(4,026)	-	(4,026)
Balance at 1 January 2019	29,201,668	(6,349,709)	(57,471)	457,457	(20,289,999)	2,961,946	-	2,961,946
Comprehensive income								
Loss for the year	-	(2,291,329)	-	-	-	(2,291,329)	(99,771)	(2,391,100)
Other comprehensive income for the year	-	-	271,568	-	-	271,568	(1,501)	270,067
Total comprehensive income for the year	-	(2,291,329)	271,568	-	-	(2,019,761)	(101,272)	(2,121,033)
Transactions with owners, in their capacity as owners, and other transfers								
Shares issued during the year	1,711,605	-	-	-	-	1,711,605	-	1,711,605
Transaction costs	(607,066)	-	-	-	-	(607,066)	-	(607,066)
Options issued during the year	-	-	-	542,133	-	542,133	-	542,133
Options expired during the year	-	-	-	-	-	-	-	-
Recognition of non-controlling interest in PT Joyseed Berbagi Sukses	-	-	-	-	-	-	(24,066)	(24,066)
Total transactions with owners and other transfers	1,104,539	-	-	542,133	-	1,646,672	(24,066)	1,622,606
Balance at 31 December 2019	30,306,207	(8,641,038)	214,097	999,590	(20,289,999)	2,588,857	(125,338)	2,463,519

The above statement should be read in conjunction with the accompanying notes.



PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Group	
	2019	2018
	(unaudited)	
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,099,001	2,695,908
Payments to suppliers and employees	(3,040,913)	(2,820,057)
Net cash generated by operating activities	<u>(941,912)</u>	<u>(124,149)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	61,855	982
Purchase of property, plant and equipment	(31,271)	(37,553)
Purchase of intangible assets	(222,625)	(300,000)
Purchase of investments	(145,023)	-
Cash acquired from acquisition of subsidiary	1,686	-
Loans to related parties:		
- payments made	-	(88,892)
- proceeds from repayments	35,679	209,573
Net cash (used in)/generated by investing activities	<u>(299,699)</u>	<u>(215,890)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,500,006	545,207
Payments for capital raising costs	(128,882)	-
Payments of lease liability - principal	(66,290)	-
Payments of lease liability - interest	(6,001)	-
Loans to related parties:		
- payments made	-	-
- proceeds from repayments	-	-
Net cash provided by (used in) financing activities	<u>1,298,833</u>	<u>545,207</u>
Net increase in cash held	57,222	205,168
Cash and cash equivalents at beginning of financial year	359,888	142,241
Effect of exchange rates on cash holdings in foreign currencies	(2,881)	12,479
Cash and cash equivalents at end of financial year	<u>414,229</u>	<u>359,888</u>

The above statement should be read in conjunction with the accompanying notes.



NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

For the year ended 31 December 2019

Note 1: Summary of Significant Accounting Policies

There have been no material changes in the Company's application of its significant accounting policies as presented in the Company's financial statements for the year ended 31 December 2018. Readers of this report should refer to Note 1: Summary of Significant Accounting Policies in the afore-mentioned financial statements for details of those accounting policies.

Note 2: Revenue and Other Income

	Group	
	2019 (unaudited)	2018
	\$	\$
Sales revenue		
- sale of in-app applications	1,177,024	2,318,224
- ads and sponsorships	511,625	-
- publishing income	85,694	106,894
- services	312,065	390,586
	<u>2,086,408</u>	<u>2,815,704</u>
Other revenue		
- interest received	61,855	62,171
- unrealised foreign exchange gain/(loss)	(21,369)	24,450
- other income	207,193	73,804
	<u>247,679</u>	<u>160,425</u>
Total revenue	<u><u>2,334,087</u></u>	<u><u>2,976,129</u></u>

Note 3: Trade and other receivables

	Group	
	2019 (unaudited)	2018
	\$	\$
CURRENT		
Trade receivables	194,154	136,169
Provision for impairment	(4,527)	(2,888)
	<u>189,627</u>	<u>133,281</u>
Other receivables	158,418	18,973
GST receivables	4,468	7,523
	<u><u>352,513</u></u>	<u><u>159,777</u></u>

Note 4: Other financial assets

	Group	
	2019 (unaudited)	2018
	\$	\$
CURRENT		
Amounts receivable from:		
- other related parties	1,317,286	1,426,823
- others	23,383	(5,811)
	<u>1,340,669</u>	<u>1,421,012</u>
Investments held	105,955	-
Convertible notes	74,667	-
	<u><u>1,521,291</u></u>	<u><u>1,421,012</u></u>

The above statement should be read in conjunction with the accompanying notes.



NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 31 December 2019

Note 5: Intangible assets

	Group	
	2019 (unaudited)	2018
	\$	\$
Goodwill		
Cost	283,862	-
Accumulated amortisation and impairment losses	-	-
	283,862	-
Games Portfolio		
Cost	2,600,000	2,600,000
Accumulated amortisation and impairment losses	(1,850,000)	(1,150,000)
	750,000	1,450,000
Computer Software		
Cost	1,980,833	1,940,131
Accumulated amortisation and impairment losses	(1,404,483)	(987,597)
	576,350	952,534
Research and Development		
Cost	258,224	2,038,175
Accumulated amortisation and impairment losses	(183,803)	(1,892,372)
	74,421	145,803
Cryptocurrency		
Cost	1,200,673	1,082,827
Accumulated amortisation and impairment losses	(1,138,271)	(998,872)
	62,402	83,955
Total intangible assets	1,747,035	2,632,292

Reconciliation

	Goodwill	Games Portfolio	Computer software	Research and development	Cryptocurrency	Total
Opening net book value	-	1,450,000	952,534	145,803	83,955	2,632,292
Additions	283,862	-	-	-	63,560	347,422
Amortisation charge	-	(520,000)	(396,167)	(74,419)	-	(990,586)
Impairment losses	-	(180,000)	-	-	-	(180,000)
Movement in fair value	-	-	-	-	(85,766)	(85,766)
Movement in foreign currency	-	-	19,983	3,037	653	23,673
	283,862	750,000	576,350	74,421	62,402	1,747,035

Note 6: Trade and other payables

	Group	
	2019 (unaudited)	2018
	\$	\$
Current		
Trade payables	104,664	121,219
Sundry payables and accrued expenses	904,808	808,603
	1,009,472	929,822

Note 7: Other financial liabilities

	Group	
	2019 (unaudited)	2018
	\$	\$
Current		
Amounts payable to:		
- other related parties	742,905	790,118
	742,905	790,118

The above statement should be read in conjunction with the accompanying notes.



NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 31 December 2019

Note 8: Issued capital

(a) Share Capital

The share capital of iCandy Interactive Limited (the Company) consists of 337,190,644 fully paid ordinary shares as at 31 December 2019.

(b) Movements in ordinary share capital

Movements in the ordinary share capital of the Company during the past two years were as follows:

	Number of shares	Amount \$
Opening Balance at 1 January 2018	277,192,746	27,056,445
Issued during the year	31,815,191	2,145,223
Less: transaction costs	-	-
Closing balance at 31 December 2018	<u>309,007,937</u>	<u>29,201,668</u>
Opening Balance at 1 January 2019	309,007,937	29,201,668
Issued during the year	28,182,707	1,711,605
Less: transaction costs	-	(607,066)
Closing balance at 31 December 2019	<u>337,190,644</u>	<u>30,306,207</u>

Note 9: Accumulated losses

	Group	
	2019 (unaudited) \$	2018 \$
Accumulated losses at beginning of the financial period	(6,345,683)	(3,786,258)
Effect on adoption of AASB 16	(4,026)	-
Expiry of options	-	885,980
Net losses attributable to members	<u>(2,291,329)</u>	<u>(3,445,405)</u>
Accumulated losses at end of financial period	<u>(8,641,038)</u>	<u>(6,345,683)</u>

Note 10: Earnings per share

Losses used to calculate basic and dilutive EPS	(2,291,329)	(3,445,405)
	Number	
	2019	2018
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	327,634,307	291,469,218
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	327,634,307	291,469,218
Basic loss per share (cents)	(0.70)	(1.18)
Diluted loss per share (cents)	(0.70)	(1.18)

Note 11: Segment Information

The Group operations in four geographical segments, Australia, Singapore, Malaysia and Indonesia.

Note 12: Events Subsequent to Report Date

On 7 January 2020, the Company issued Tranche 5 acquisition shares in relation to the PT Joyseed Berbagi Sukses transaction. A total of 326,389 fully paid ordinary shares were issued at a deemed price of \$0.09 per share.

On 29 January 2020, the Company announced it had terminated its Global Game Development and Publishing Agreements with MoviGame due to technical and resource constraints. The Company was unable to implement certain changes and adaptations to the game, Penguin Dash, to meet the requirements of the Company as its global publisher.

The above statement should be read in conjunction with the accompanying notes.

COMPLIANCE STATEMENT

The financial information provided in Appendix 4E is based on the annual financial report which is being prepared in accordance with Australian Accounting Standards or standards acceptable to ASX.

The report and the accounts upon which the report is based use the same accounting policies.

In the Directors Opinion, this report does give a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

The financial report is not likely to be the subject of dispute or qualification.

A handwritten signature in black ink, appearing to read 'Kin Wai Lau'.

Signed:
Kin Wai Lau
Director
Dated: 28 February 2020